

**BOARD CHARACTERISTICS AND DIVIDEND PAYOUT OF
MALAYSIAN COMPANIES**

By

ISLAM I. H. BOLBOL

Master of Science in Finance

UNIVERSITI UTARA MALAYSIA

JUNE 2012

**BOARD CHARACTERISTICS AND DIVIDEND PAYOUT OF MALAYSIAN
COMPANIES**

A thesis submitted to Othman Yeop Abdullah Graduate School of Business

In partial fulfillment for the degree

Master of Science (Finance)

University Utara Malaysia

ISLAM I. H. BOLBOL

JUNE 2012

All Rights Reserved

DECLARATION

I certify that the substance of this thesis has never been submitted for any degree and currently is not being submitted for any other qualifications.

I certify that any assistance received in preparing this thesis and all sources used have been acknowledged in this thesis.

Islam I. H. Bolbol

808840

Othman Yeop Abdullah Graduate School of Business

Universiti Utara Malaysia

06010 Sintok, Kedah.

June, 2012

PERMISSION TO USE

In representing this thesis for requirement for Master of Science Finance (MSc Finance) from Universiti Utara Malaysia, I agree that the university library shall make it freely available for inspection. I further agree that permission of copying of this thesis in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor Associate Professor Norafifah Ahmed, or, in her absence, by the Dean of Othman Yeop Abdullah Graduate School of Business. It is understood that any copying or publication or use of this thesis or parts thereof for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and Universiti Utara Malaysia for any scholarly use which may be made of any material from my thesis.

Requests for permission to copy or to make other use of materials in this thesis, in whole or in part should be addressed to:

Dean

Othman Yeop Abdullah Graduate School of Business

Universiti Utara Malaysia

06010 Sintok

Kedah Darul Aman

ABSTRACT

The issue revolving corporate governance has always been an essential and critical element for both private and public sectors particularly in Malaysia. Malaysia's Prime Minister has even stressed for more concentration on the issues of governance for the purpose of overseeing the effective running of the public and private sector through a check and balance system. Moreover, the Prime Minister argued the need of the firms in the country to benchmark to an effective system that emphasizes on positive issues such as ethics, openness, accountability, transparency, and integrity in the public and private sector. After 1998, Malaysian government decided to adopt corporate reform that could enhance the quality of good corporate management practice. This reform is clearly stated in the code and rules of corporate governance. This included the introduction of the new Malaysian code and rules for corporate governance. The debate of corporate governance in Malaysia are often limited to agencies involved directly in law enforcement such as the Ministry of Finance, Bursa Malaysia Securities, security Commission (SC) and Registrar of Company. Therefore, this crucial issue has to be addressed accordingly in order to enhance firms' dividend payout.

Good corporate governance is believed to be a critical factor in the improvement of firm value in both developing and developed financial markets. However, this belief overlooked the fact that the relationship between corporate governance and the value of a firm varies in these markets owing to the character of the corporate governance structures on dissimilar social, economic and regulatory conditions.

This reality calls for the need to examine and comprehend the differences affecting the firm value for the purpose of academic, financial and management practices and public regulation of markets and corporations.

The core aim of the present study is the examination of the relationship between board characteristics and dividend payout of Malaysian firms listed on Bursa Malaysia with focus on the construction sector. For the purpose of the study, data was collected from a sample of 50 companies for the financial year of 2010 with elimination of other 56 firms that they did not pay dividend. Among corporate governance's various variables, seven were chosen to be included in the study. They were board size, board composition, CEO duality, family linked companies, board of director ethnicity, gender of board of director, and managerial ownership. Other financial measurements (investment opportunity set, firm leverage, firm size, and firm performance) were also tested against dividend payout.

Regression analysis was utilized for the examination of the relationship between board characteristics and firm dividend payout. The result indicates that the relationships between investment opportunity set, firm size, firm performance, and managerial ownership and dividend payout are positive, but not significant. Firm leverage, board size, board composition, family linked, ethnicity of board of director, and gender of board of director are negatively insignificantly correlated to dividend payout. CEO duality and dividend payout is also negatively correlated but the relationship is significant. Finally, this study is using the firm leverage, firm size, firm performance, and CEO duality role as control variables against dividend payout.

ACKNOWLEDGEMENT

In the name of Allah, the Most Gracious and Most Merciful

Above all things, I give praise, glory, and honor unto Allah for allowing me to complete this project. And also praise to Allah for all his blessings and guidance which provided me the strength to face all the tribulations and trials in completing this project.

I offer my sincere appreciation to my beloved father, mother, and family members for their patience, prayers and understanding over the entire period of my study. I am most indebted to **my father, Ismail Hamdan Mousa Bolbol**, for his care and love. He works industriously to support the family and spare no effort to provide the best possible environment for me to grow up and attend schools. My deepest gratitude goes to **Am Usama my mother**; she is simply perfect. I have no suitable words that can fully describe my everlasting love to her.

My special love and appreciation go to **my brothers Usama, Wesam, and my sisters** for their support, tireless patience, and faith in me to complete this tedious task and my general love and appreciation go to my friends, whether in Malaysia or Palestine, who instill in me the value of hard work and dedication. The innumerable sacrifices which they have made for me are something for which I will always be grateful for.

I wish to express my deepest gratitude and heartfelt thanks to my supervisor, Associate Professor Norafifah Ahmed, for her discerning guidance, positive criticisms and valuable advice throughout the undertaking of this study. She had spent a lot of her time patiently and painstakingly giving valuable information, correcting errors, just to ensure the best effort has been given in the completion and achievement of this study. Her excellent guidance and supervision have rendered me with minimum pressure and has made this learning process an extraordinary experience.

I would like to thank all M.Sc. Finance lecturers, for their outstanding Finance knowledge. To the rest of my family members and friends, thank you all. You have been instrumental in this never-ending academic journey. I really appreciate your support, directly or indirectly. I love each one of you.

Sincerely,

Islam I. H. Bolbol

Table of Contents

DECLARATION.....	III
PERMISSION TO USE.....	IV
ABSTRACT.....	VII
ACKNOWLEDGEMENT	IX
LIST OF TABLES	XII
LIST OF FIGUERS	XIII
LIST OF ACRONYMS (ABBREVIATIONS).....	XIV
CHAPTER ONE	1
INTRODUCTION	1
1.1 background.....	1
1.2 Problem Statement	5
1.3 Research Questions	7
1.4 Research Objectives	8
1.5 Significance of Study	9
1.6 Scope of Study	10
1.7 Limitations of study	10
1.8 Organization of the study	10
1.8 Summary of the chapter	11
CHAPTER TWO	12
LITERATURE REVIEW	12
2.1 Introduction.....	12
2.2 Dividend payout.....	12

2.3 Investment opportunity set and dividend payout	15
2.4 Leverage and dividend payout	17
2.5 Firm Size and dividend payout	19
2.6 Firm performance and dividend payout	22
2.7 Board size and dividend payout	24
2.8 Board composition and dividend payout	26
2.9 CEO duality and dividend payout.....	27
2.10 Family linked companies and dividend payout.....	31
2.11 Ethnicity of board of director and dividend payout	36
2.12 Gender of board of director and dividend payout	41
2.13 Managerial ownership and dividend payout	45
2.14 chapter summary	47
CHAPTER THREE.....	48
HYPOTHESIS DEVELOPMENT AND METHODOLOGY	48
3.1 Introduction.....	48
3.2 Research framework	49
3.3 Hypothesis Development	50
3.3.1 Dividend payout.....	51
3.3.2 Investment opportunity set and dividend payout	52
3.3.3 Firm leverage and dividend payout.....	53
3.3.4 Firm size and dividend payout	55
3.3.5 Firm performance and dividend payout	56
3.3.6 Board size and dividend payout.	57

3.3.7 Board composition and dividend payout.	58
3.3.8 CEO duality role and dividend payout.....	60
3.3.9 Family- linked companies and dividend payout.	61
3.3.10 Ethnicity of BOD and dividend payout.....	62
3.3.11 Gender of BOD and dividend payout	63
3.3.12 Managerial ownership and dividend payout.	64
3.4 Research Design.....	65
3.4.1 Data Collection	65
3.4.2 Model Specification and Multiple Regressions	66
3.4.3 Measurement of the Variables	67
3.5 Data Analysis	69
3.5.1 Descriptive Analysis	69
3.5.2 Correlation of Variables.....	69
3.5.3 Multiple Linear Regression Analysis.....	70
3.6 Summary of the Chapter	70
CHAPTER FOUR	71
FINDINGS AND DISCUSSION	71
4.1 Introduction.....	71
4.2 Descriptive Statistics.....	71
4.3 Multicollinearity test	73
4.4 Correlations Analysis.....	74
4.5 Multiple Linear Regression Analysis.....	76
4.6 Discussion	79

4.7 Summary	82
CHAPTER FIVE.....	84
CONCLUSION AND RECOMMENDATIONS.....	84
5.1 Introduction.....	84
5.2 Summary of the study	84
5.3 Contributions of the Study	87
5.4 Limitations of the study.	87
5.5 Future Research.....	87
5.6 References	89
Appendix	101

LIST OF TABLES

Table number	Description of table	Page
Table 4.1	Summary of Descriptive Statistics	69
Table 4.2	Correlations of variables	72
Table 4.3	Summary of the Regressions Model (DPP)	76
Table 4.4	The Coefficients of Multiple Regression Analysis	77
Table 4.5	Summary of the Hypothesis Results	83

LIST OF FIGUERS

Table number	Description of table	Page
Figure 3.1	Theoretical Framework	39

LIST OF ACRONYMS (ABBREVIATIONS)

Acronym	Description of Abbreviation
FCF	Free cash flow
CG	Corporate governance
IOS	Investment opportunity set
OECD	Organization for Economic Cooperation and Development
BOD	Board of directors
CEO	Chief Executive Officer
ROA	Return on asset
ROE	Return on earnings
RI	Residual income
OLS	Ordinary Least Squares
NED	Non –executive directors
α_0	Constant
DDP	Dividend payout ratio
MBV	Market to book value of equity
DTA	Debt to total assets
LN MKTCAP	Natural logarithm of market
BSIZE	Board size
BCOMP	Board composition
DUALITY	CEO duality role
FLCs	Family linked companies

ETHNICITY

BOD ethnicity

GENDER

BOD gender

OWNERSHIP

Managerial ownership

MBAM

Master Builders Association Malaysia

CHAPTER ONE

INTRODUCTION

1.1 background

Businesses around the world require development and growth in order to attract funding from investors. Before they invest in a particular business, investors normally make sure that the business in question is financially secure and stable and possesses the ability to produce profits in the long run (Mallin, 2007). Hence, in instances where the company position is not as promising, it will not be as attractive to investors as it hopes to be. This failure to attract enough capital normally leads to negative consequences for the business in particular and for the economy in general.

Looking at local and global economic situation, it has been noticed that the economic situation is unstable. Uncertainty of the future of economies is high. However, property sector maybe is more secure and has less variability than other sectors. According to MBAM (Master Builders Association Malaysia) outlook, construction sector will keep stable in the future.

Abu Mansor (2010), explained that while all other sectors recorded negative growth in 2009, construction sector was the only sector that recorded a positive growth in 2009, during every quarter. The importance of construction sectors comes as it is considered as a contributor segment in the Malaysian economy, due to the interaction with other industries.

The contents of
the thesis is for
internal user
only

5.6 References

- A Kyereboah-Coleman, N. B. (2005). Corporate governance and the performance of microfinance institutions (MFIs) in Ghana. *Working paper*, 1-25.
- Abu Mansor, Y. B. (2010). The 7th Malaysia Construction Sector Review And Outlook Seminar. *Minister of Works Malaysia*, 1-7.
- Adam, T., & Goyal, K. V. (2007). The Investment Opportunity Set and its Proxy Variables. *Hong Kong University of Science & Technology (HKUST) - Department of Finance*, 1-29.
- Adams, R. B., & Ferreira. (2009). Women in the boardroom and their impact on governance and performance. *Journal of Financial Economics*, 94, 291–309.
- Adams, R. B., & Ferreira, D. (2004). Gender Diversity in the Boardroom. *Finance Working Paper*, 58, 1-32.
- Afzal, M., & Sehrish, S. (2010). Ownership Structure, Board Composition and Dividend Policy in Pakistan. *COMSATS Institute of Information Technology, Islamabad - Pakistan*, 24.
- Alexander, J., Fennell, M., & Halpern, M. (1993). Leadership instability in hospitals: the influence of board-CEO relations and organization growth and decline. *Administrative Science Quarterly*, 74-99.
- Alhabshi, S. O. (1994). Corporate Ethics in the Management of Corporations. *The Malaysian Accountant*, 24.
- Alsaeed, K. (2006). The association between firm-specific characteristics and disclosure: The case of Saudi Arabia. *Managerial Auditing Journal*, 476-496.
- Amarjit Gill, N. B. (2010). States, Determinants of Dividend Payout Ratios: Evidence from United. *The Open Business Journal*, 8-14.
- Amidu, M., & Abor, J. (2006). Determinants of dividend payout ratios in Ghana. *Journal of Risk Finance*, 7(2), 136 - 145.
- Anderson, R., & Reeb, D. (2003). Founding-Family Ownership and Firm Performance: Evidence from the S&P 500. *The Journal of Finance*, 58 (3), 1301-1328.
- Ang, J., Coles, R., & Wuh-Lin, J. (2000). Agency costs and ownership structure. *Journal of Finance*, 55 No. 1, 81-107.

- Anil, K., & Kapoor, S. (2008). Determinants of Dividend Payout Ratios-A Study of Indian Information Technology Sector. *International Research Journal of Finance and Economics*, 63-71.
- Arfken, D. E., Bellar, S. L., & Helms, M. M. (2004). The Ultimate Glass Ceiling Revisited: The Presence of Women on Corporate Boards. *Journal of Business Ethics*, 50, 177-186.
- Arussi, A. S., Selamat, M. H., & Hanefah, M. M. (2009). Determinants of financial and environmental disclosures through the internet by Malaysian companies. *Asian Review of Accounting*, 17 No. 1, 59-76.
- Baber, W., Janakiraman, S., & Kang, S. (1996). Investment opportunities and the structure of executive compensation. *Journal of Accounting and Economics*, 297-318.
- Badrinath, S., & Gay, G. (1989). Patterns of institutional investment, prudence, and the managerial "safety-net" hypothesis. *Journal of Risk and Insurance*, 605-629.
- Baker HK, F. G. (1985). A survey of management views on dividend policy. *Finance Manage.*
- Baker, H., & Powell, G. (2000). Determinants of corporate dividend policy: a survey of NYSE firms. *Finance Practice Education*, 29-40.
- Baker, H., Farrelly, G., & Edelman, R. (1985). A survey of management views on dividend policy. *Financial Management*, 14(3), 78-84.
- Baliga, R. B., Moyer, C. R., & Rao, R. B. (1996). CEO duality and firm performance. *Strategic Management Journal*, 41-53.
- Barclay, M. J., Clifford W. Smith, J., & Ross L. Watts. (1992). The Determinants Of Corporate Leverage And Dividend Policies. *Journal of Financial Economics*, 263-292.
- Baysinger, B., & Butler, H. (1985). Corporate governance and board of directors: performance effects of changes in board composition. *Journal of Law, Economics and Organization*, 101-124.
- Becht, M., Bolton, P., & Röell, A. (2005). Corporate Governance and Control. *ECGI Working Paper Series in Finance*, 1-122.
- Bhagat, S., & Black, S. (2002). The non-correlation between board independence and long-term firm performance. *Journal of Corporation Law*, 231-274.

- Bhaskaran, & Sukumaran. (2007). National culture, business culture and management practices: consequential relationships? *Cross Cultural Management: An International Journal*, 14, No 1, 54-67.
- Billet, M., King, D., & Mauer, D. (2007). Growth Opportunities and the Choice of Leverage, Debt Maturity, and Covenants. *Journal of*, 135-157.
- Brammer, S. M. (2007). Gender and ethnic diversity among UK corporate boards. *Corporate Governance: An International Review*, 15, 393–403.
- Brook, Y., Chalton, W., & Hendershott, R. (1998). Do firms use dividends to signal large future cash flow increase? *Finance Manage*, 46-57.
- Brown, J. R., Liang, N., & Weisbenner, S. (2007). Executive Financial Incentives and Payout Policy: Firm Response to the 2003 Dividend Tax Cut. *Journal of Finance*, 62, 1935-1965.
- Campbell, K., & Minguez-Vera. (2008). Gender diversity in the boardroom and firm financial performance. *Journal of Business Ethics*, 83, 435–451.
- Carter, D. A., D'Souza, F., Simkins, B. J., & Simpson, W. G. (2010). The Gender and Ethnic Diversity of US Boards and Board Committees and Firm Financial Performance. *Corporate Governance: An International Review*, 18(5), 396–414.
- Carter, D. A., Simkins, B. J., & Simpson, W. G. (2003). Corporate governance, board diversity, and firm value. *Financial Review*, 38, 33–53.
- CheAhmad, A., & Houghton. (2001). The effect of ethnicity on audit pricing. *working paper, Universiti Utara, Malaysia and University of Melbourne, Melbourne.*
- Chuah, B. H. (1995). The Unique Breed of Malaysian Managers. *Management Times, New Straits Times Press Malaysia.*
- Claessens, S., Djankov, S., Fan, J., & Lang, L. (2002). Disentangling the incentive and entrenchment effects of large shareholdings. *The Journal of Finance*, 2741–2771.
- Claude, F., Re´al, L., & Bernard, S.-D. (2008). Gender Diversity in Corporate Governance and Top Management. *Journal of Business Ethics*, 81, 83-95.
- Coles, B., & Jarrell, G. (2001). Leadership structure: separating the CEO and chairman of the board. *Journal of Corporate Finance*, 189-220.

- Crutchley, C. E., & Hansen, R. S. (1989). A Test of the Agency Theory of Managerial Ownership, Corporate Leverage, and Corporate Dividends. *Financial Management*, 18, No. 4, 36-46.
- D'Souza, J., & Saxena, A. K. (1999). Agency cost, market risk, investment opportunities and dividend policy-an international perspective". *Managerial Finance*, 35-43.
- Dhillon, U. (1986). *Corporate ownership, dividend policy, and capital structure under asymmetric information*. Louisiana State: Louisiana State University and Agricultural & Mechanical College.
- Dimitrios, K. N., Chris, O., & Maria, A. (2009). Emerald Article: Board characteristics and involvement in strategic decision making: The Nigerian perspective. *Management Research News*, 169 - 184.
- Donaldson, L. (1990). The Ethereal Hand: Organizational Economics and Management Theory. *Academy of Management Review*, 369-81.
- Easterbrook, F. H. (1984). Two Agency-Cost Explanations of Dividends. *The American Economic Review*, 650-659.
- Ehikioya. (2007). Board composition, managerial ownership, and firm performance: An empirical analysis. *The Financial Review*, 1-16.
- Ehrhardt, O., & Nowak, E. (2001). Private benefits and minority shareholder expropriation: empirical evidence from IPOs of German family-owned firms. *Center for Financial Studies Working Paper*.
- Eichenseher, J. (1995). Additional factors in audit pricing: new evidence from Malaysia. *Accounting & Business Review*, 2, No. 1, 1-26.
- Elsaid, E., & Ursel, N. D. (2011). CEO succession, gender and risk taking. *Gender in Management: An International Journal*, 27, issue 7, 499 - 512.
- Elton, E. J. (1970). Marginal stockholder tax rates and the clientele effect. *The Review of Economics and Statistics*, 68-74.
- Erhardt, N. L., Werbel, J. D., & Shrader, C. B. (2003). Board of Director Diversity and Firm Financial Performance. *Board of Director Diversity and Firm Financial Performance*, 11, 102-111.
- Esterbrook, F. H., Grossman, S. J., Hart, O. D., & Jensen, M. C. (1984; 1980; 1986). Two Agency-Cost Explanations of Dividends; Tackover Bids, The Free-Rider Problem, and the Theory of the Corporation; Agency Costs of Free Cash Flow, Corporate Finance, and Takeovers. *The American Economic Review*;

The Bell Journal of Economics; American Economic Review, 650-659; 42-64; 323-329.

Fama, & Jensen. (1983). Separation of Ownership and Control. *Journal of Law and Economics*, 301-325.

Farinha, J. (2003). Corporate governance: A survey of the literature. *SSRN, working paper, series No*, 470801.

Farrell, K. A. (2005). Additions to corporate boards: The effect of gender. *Journal of Corporate Finance*, 58, 85–106.

Farrell, K. A., & Hersch, P. L. (2001). Additions to Corporate Boards: Does Gender Matter. *Working Paper*, 1-30.

Farrell, K. A., & Hersch, P. L. (2005). Additions to corporate boards: the effect of gender. *Journal of Corporate Finance*, 11, 85-106.

Fatimah, Nor, Sharifah, & NoorRaida. (2011). The Impact of Company and Board Characteristics on Earnings Management: Evidence from Malaysia. *College of Business Management & Accounting, Universiti Tenaga Nasional*, 1-16.

Feng, Z., Ghosh, C., & Sirmans, C. F. (2004). CEO Involvement in Director Selection: Implications for REIT Dividend Policy. *Journal of Real Estate Portfolio*, 1-26.

Fiedler, F. E. (1967). *A theory of leadership effectiveness*. New York: McGraw-Hill.

Forsberg, R. (1989). Outside directors and managerial monitoring. *Journal Business and Economic Review*, 24-32.

Ghosh, C., & Sirmans, C. F. (2004). *Do Managerial Motives Impact Dividend Decisions in REITs?* USA: Real Estate and Urban Economic Studies (CREUES) and the Department of Finance.

Gill, A., Biger, N., & Tibrewala, R. (2010). Determinants of Dividend Payout Ratios: Evidence from United States. *The Open Business Journal*, 8-14.

Gill, A., Biger, N., & Tibrewala, R. (2010). States, Determinants of Dividend Payout Ratios: Evidence from United. *The Open Business Journal*, 8-14.

Gomez, E., & Jomo, K. (1997). *Malaysia's Political Economy; Politics, Patronage and Profits*. 1st edition Cambridge: Cambridge University Press.

Gordon, M. J. (1962). *The Investment, Financing and Valuation of the Corporation*. Greenwood Press (Westport, Conn.).

- Goyal, V. K., & Park, C. W. (2004). Board leadership structure and CEO turnover. *Journal of Corporate Finance*, 49-66.
- Grossman, H. .. (2000). Corporate financial structure and managerial incentives in J McCall (ed.). *The Economics of Information and Uncertainty*, University of Chicago Press, Chicago.
- Hair, A., Tatham, R., & Black, W. (1995). Multivariate data analysis (4th edition). *Working Paper*.
- Haniffa, R. M., & Cooke, T. E. (2002). Culture, Corporate Governance and Disclosure in Malaysian Corporations. *ABACUS*, 38, No. 3, 317-349.
- Haniffa, R., & Cooke, T. (2000). Culture, Corporate Governance and Disclosure in Malaysian Corporations. *Presented at the Asian AAA World Conference* (pp. 1-36). Singapore: Exeter University.
- Haniffa, R., & Hudaib, M. (2006). Corporate governance structure and performance of Malaysian listed companies. *Journal of Business Finance & Accounting*, 1034-1062.
- Harada, K., & Nguyen, P. (2006). Ownership concentration, agency conflicts, and dividend policy in Japan. *Graduate School of International Accounting, Chuo University, Tokyo 162-8473, Japan; School of Banking and Finance, University of New South Wales, Sydney, NSW 2052, Australia*, 1-25.
- Hermalin, B., & Weisbach, M. (1991). The effects of board composition and direct incentives on firm performance. *Journal of Financial Management*, 101-112.
- Hofstede, G. (1991). *Cultures and organizations: Software of the mind*. London: McGraw Hill.
- Ibrahim, H., & Abdul Samad, F. (2001). Corporate Governance Mechanisms and Performance of Public-Listed Family-Ownership in Malaysia. *International Journal of Economics and Finance*, 105-115.
- Jensen, M. (1993). The modern industrial revolution, exit and the failure of internal control systems. *Journal of Finance*, 831-880.
- Jensen, M. C. (1986). Agency Costs of Free Cash Flow, Corporate Finance, and Takeovers. *The American Economic Review*, 323-329.
- Jensen, M., & Meckling, W. (1976). Theory of the firm: managerial behavior, agency costs and ownership structure. *Financial Economics*, 305-360.
- John, L. &. (1956). Distribution of Incomes of Corporations Among Dividends, Retained Earnings, and Taxes. *The American Economic Review*, 97-113.

- Kang, D. (2000). Family ownership and performance in public corporations: a study of US fortune 500. *working paper, Division of Research, Harvard Business School, Boston, MA, 1982-1994.*
- Khan, H. (1999). Corporate Governance of Family Businesses in Asia: What's Right and What's Wrong? *The World Bank Working Paper*, 1-42.
- Kiel, G., & Nicholson, C. (2003). CEO duality and organizational performance: a longitudinal analysis. *Strategic Management Journal*, 55-60.
- Klapper, L., & Love, S. (2004). Corporate governance, investor protection and firm performance in emerging markets. *Journal of Corporate Finance*, 3(1), 1-26.
- Klein, W. (1998). Firm performance and board committee structure. *Journal of Law & Economics*, 275-303.
- Kosnik, R. (1987). Corporate governance; Directors-of-corporations. *Administrative Science Quarterly Journal*, 163 - 185.
- Kyereboah-Coleman, & Biekpe, N. (2008). The relationship between board size, board composition, CEO duality and firm performance: Experience from Ghana. *Journal of Corporate Ownership and Control*, 114-122.
- La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. (2000a). Agency problems and dividend policies around the world. *Journal of Finance*, 55 no. 1, 1-33.
- Lau, D. C., & Murnighan. (1998). Demographic diversity and faultlines: The compositional dynamics of organizational groups. *Academy of Management Review*, 325-340.
- Lawrence, P., & Lorsch. (1967). *Organization and environment*. Boston: Harvard University Press.
- Lee, S. S. (2009). Dividend Policy. *Management accounting and finance*.
- Lemmon, M., & Lins, K. (2003). Ownership structure, corporate governance, and firm value: evidence from East Asian financial crisis'. *The Journal of Finance*, 45-68.
- Li, C. A., & Wearing, B. (2004). Between Glass Ceilings: Female Non-Executive Directors in UK Quoted Companies. *International Journal of Disclosure and Governance*, 355-370.
- Li, D., Moshirian, P., Pham, K., & Zein. (2006). When financial institutions are large shareholders: The role of macro corporate governance environments. *Journal of Finance*, 2975 - 3007.

- Limpaphayom, J., & Connelly, P. (2006). Board characteristics and firm performance: Evidence from the life insurance industry in Thailand Chulalongkorn. *Journal of Economics*, 16(2), 101-124.
- Lintner, J. (1962). Dividends, Earnings, Leverage, Stock Prices and the Supply of Capital to Corporations. *The Review of Economics and Statistics*, 243-269.
- Mak, Y., & Yuan, L. (2001). Determinants of corporate ownership and board structure: Evidence from Singapore. *Journal of Corporate Finance*, 236-256.
- Mak, Y., & Yuan, L. (2001). Determinants of corporate ownership and board structure: Evidence from Singapore. *Journal of Corporate Finance*, 236-256.
- Malaysia, D. o. (2004). (1st Quarter) Unpublished Key Statistic, Department of Statistics Malaysia. *National Accounts and Expenditure Accounts*.
- Mallin, C. (2007). *Corporate governance (2nd ed)*. Oxford: Oxford University Press.
- Mehrani, S., Moradi, M., & Eskandar, H. (2011). Ownership structure and dividend policy: Evidence from Iran. *African Journal of Business Management*, 5(17), 7516-7525.
- Michael, J. B., Clifford, W. S., & Ross, L. W. (1995). The Determinants Of Corporate Leverage and Dividend Policies. *The Journal of Applied Corporate Finance*, 7(5), 4-19.
- Miles, M. (2009). Corporate Governance in Asia's Emerging Markets - an Overview. *Review of International Comparative Management*, 1-10.
- Miller, Merton, & Modigliani, F. (1961). Dividend Policy, Growth, and the Valuation of Shares. *the journal of business*, 34, 411-433.
- Mishra, C., Randoy, T., & Jenssen, J. (2001). he Effect of Founding Family Influence on Firm Value and Corporate Governance. *Journal of International Financial Management and Accounting*, 235-259.
- Mitton, T. (2004). Corporate governance and dividend policy in emerging markets. *Emerging Markets Review*, 409-426.
- Morck, R., & Yeung, B. (2003). Agency problems in large family business groups. *Entrepreneurship: Theory and Practice*, 67-82.
- Myers, S. C. (1977). Determinants of corporate borrowing. *Journal of Financial Economics*, 147-175.

- Naser, A., Khalid, M., & Karbhari, Y. (2002). Empirical evidence on the depth of corporate information disclosure in developing countries: The case of Jordan. *International journal of commerce and management*, 12(4), 122-155.
- OCDE, O. P. (2003, may). *Relatório oficial sobre governança corporativa América Latina. Translation by Pinheiro Neto Advogados, Danvers – USA: OCDE*. Retrieved from www.oecd.org/daf/corporate-affairs
- Omran, M., & Pointon, J. (2004). Dividend policy, trading characteristics, and share prices: empirical evidence from Egyptian firms. *International Journal of Theoretical and Applied Finance*, 7(2), 121-133.
- Pearce, J., & Zahra, S. (1992). Board Composition from a strategic contingency perspective. *Journal of Management Studies*, 411-438.
- Pettigrew, A. M. (1979). On Studying Organizational Cultures. *Administrative Science Quarterly*, 24, No. 4.
- Pfeffer, J. (1973). Size, composition, and function of hospital boards of directors. *Administrative Science Quarterly*, 349-364.
- Prabowo, M., & Simpson, J. (2011). Independent directors and firm performance in family controlled firms: evidence from Indonesia. *ASIAN-PACIFIC ECONOMIC LITERATURE*, 121-132.
- Pruitt, S., & Gitman, L. (1991). The interactions between the investment, financing, and dividend decisions of major US firms. *Financial Review*, 26(3), 409-430.
- Ramdani, D., & Witteloostuijn, A. v. (2010). Board independence, CEO duality and firm performance: A quantile regression analysis for Indonesia, Malaysia, South Korea and Thailand. *British Academy of Management*, 1467-8551.
- Rechner, P. L., & Dalton, D. R. (1991). CEO duality and organizational performance: a longitudinal analysis. *Strategic Management Journal*, 155-160.
- Redding, L. S. (1997). Firm Size and Dividend Payouts. *Journal of Financial Intermediation*, 224-248.
- Renée, A. B., & Mehran, H. (2005). Corporate Performance, Board Structure and its Determinants in the Banking Industry. *Moscow Meetings*, 1-42.
- Rice, H., & Alabama, A. (2006). What Price Greed: An Analysis of corporate abuse and mismanagement by fiduciaries. *Global Conference oil Business & Economics*, 3(1), 1-13.

- Rose, C. (2007). Does female board representation influence firm performance? The Danish evidence. *Corporate Governance: An International Review*, 404–413.
- Rozeff, M. S. (1982). Growth, Beta and Agency Costs as Determinants of Dividend Payout Ratios. *The Journal of Financial Research*, 249-259.
- Salleh, Z., Stewart, J., & Manson, S. (2006). The Impact of Board Composition and Ethnicity on Audit Quality: Evidence from Malaysian Companies. *Malaysian Accounting Review*, 5, No 2, 61-83.
- Sanda, A., Mukaila, S., & Garba, T. (2003). Corporate governance mechanisms and firm financial performance in Nigeria. *Final Report Presented to the Biannual Research Workshop of the AERC, Nairobi, Kenya*, 24-29.
- Selvarajan, M., & Kiel, J. (2007). Higher market valuation of companies with a small board of directors. *Journal of Financial Economics*, 185-221.
- Sendut, H. (1991). Managing in a Multicultural Society: The Malaysian Experience. *Malaysian Management Review*.
- Setia-Atmaja, L. (2010). Dividend and debt policies of family controlled firms. *International Journal of Managerial Finance*, 6 No. 2, 128-142.
- SG Badrinath, G. G. (1989). Patterns of institutional investment, prudence, and the managerial "safety-net" hypothesis. *Journal of Risk and Insurance*, 605–629.
- Shah, S. Z., & Ullah, W. (2010). Impact Of Ownership Structure On Dividend Policy Of Firm (Evidence From Pakistan). *International Conference on E-business, Management and Economics*, 3, 22-26.
- Shakir, R. (2008). Board size, executive directors and property firm performance in MalaysiA. *Pacific Rim Property Research Journal*.
- Shleifer, A., & Vishny, R. (1997). A survey of corporate governance. *Journal of Finance*, 5(52), 737-783.
- Shleifer, A., Vishny, R., & Morck, R. (1988). Management ownership and market valuation: an empirical analysis. *Journal of Financial Economics*, 293–315.
- Shrader, C. B., Blackburn, V. B., & Iles. (1997). Women in management and firm financial performance: An exploratory study. *Journal of Managerial Issues*, 355–372.
- Sinn, H.-W. (1991). The vanishing Harberger triangle. *Journal of Public Economic*, 271–300.

- Smith, N., Smith, V., & Verner, M. (2006). Do women in top management affect firm performance? A panel study of 2500 Danish firms. *International Journal of Productivity and Performance Management*, 55, 569–593.
- Snow, & Hrebiniak. (1980). Firm performance and mechanisms to control agency problems between manager and shareholders. *Journal of Financial and Quantitative Analysis*, 377-389.
- Statistics, M. D. (2004). (1st Quarter) Unpublished Key Statistic, Department of Statistics Malaysia. Kuala Lumpur: National Accounts and Expenditure Accounts.
- Stiglitz, J. (1973). Taxation, corporate financial policy, and the cost of capital. *Journal of Public Economic*, 1–34.
- Subramaniam, R. K., & Shaiban, M. S. (2011). Investment opportunity set and dividend policy in Malaysia: Some evidence on the role of ethnicity and family control. *2nd International Conference on Economics, Business and Management* (pp. 170-177). Singapore: IACSIT Press.
- Subramaniam, R., & Devi, S. S. (2010). Corporate Governance and Dividend Policy in Malaysia. *International Conference on Business and Economics Research*, 200-207.
- Tabalujan, B. (2002). Family capitalism and corporate governance of family-controlled listed companies in Indonesia. *University of New South Wales Law Journal*, 486–514.
- Terjesen, S., Sealy, R., & Singh, V. (2009). Women directors on corporate boards: A review and research agenda. *Corporate Governance: An International Review*, 17, 320–337.
- Vafeas, N., & Theodorou, E. (1998). *The relationship between board structure and firm performance in the UK*. Retrieved from <http://wenku.baidu.com/view/1141a240336c1eb91a375d31.html>
- Van Fossen, A. (1998). Race, Ethnicity and Language', in R. Maidment and C. Mackerras (eds). *Culture and Society in the Asia-Pacific*, 24.
- Villalonga, B., & Amit, R. (2006). How do family ownership, control and management affect firm value? *Journal of Financial Economics*, 385-417.
- Vinten, G. (1998). Corporate governance: An international state of the art. *Managerial Auditing Journal*, 13(7), 419-431.

- Wan Fauziah, W. Y. (2011). DOES ORGANIZATIONAL CULTURE INFLEUNCE FIRM PERFORMANCE IN MALAYSIA? *International Journal of Multidisciplinary Research*, 1, issue 3, 1-12.
- Wang, Y., & Clift, B. (2009). Emerald Article: Is there a "business case" for board diversity? *Pacific Accounting Review*, 21, 1, 88 - 103.
- Watch, M. (2012). *Construction Industry in Malaysia*. Kuala Lumpur: The German Chamber Network.
- Westhead, P., & Cowling, M. (1997). Performance contrasts between family and non-family unquoted companies in the UK. *International Journal of Entrepreneurial Behaviour and Research*, 3 No. 1, 30-52.
- White, J., & Ingrassia, P. (1992). Board ousts managers at GM: takes control of crucial committee. *The Wall Street Journal*, 15-31.
- White, W. L. (1964). The Debt-Equity Ratio, the Dividend Payout Ratio, Growth and the Rate at Which Earnings Are Capitalized: An Empirical Study. *School of Industrial Management*, 52-64.
- Wright, M. H. (2005). The effects of board composition and direct incentives on firm performance. *Financial Management*.
- Yan, Z. J. (2007). Audit committee quality, auditor independence, and internal control weaknesses. *Journal of Accounting and Public Policy*, 300-327.
- Yarram, S. R. (2010). Board Characteristics and Dividend Policy: Australian Evidence. *Economics and Public Policy*, 1-21.
- Yatim, P., Kent, P., & Clarkson, P. (2006). Governance structures, ethnicity, and audit fees of Malaysian listed firms. *Managerial Auditing Journal*, 21, No. 7, 757-782.
- Yermack, D. (1996). Higher market valuation of companies with a small board of directors. *Journal of Financial Economics*, 185-221.
- Zahra, S. A., & Pearce, J. A. (1989). Boards of Directors and Corporate Financial Performance: A Review and Integrative Model. *Journal of Management*, 411-438.
- Zsuzsanna, F., & Stewart, C. (1998; 2000). Optimal Financial Contracting Debt versus Outside Equity; Outside Equity. *The Review of Financial Studies; the Journal of Finance*, 383-418; 1005-1037.